

Message Text

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R 062255Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY ROME

UNCLAS STATE 175820

FOLLOWING SENT TRIPOLI, TUNIS, RABAT, KHARTOUM, NOUAKCHOTT,
ALGIERS, JIDDA, TEL AVIV, KUWAIT, CAIRO, BAGHDAD AND ALL
OECD CAPITALS SEPTEMBER 4, 1973 FROM SECSTATE WASHDC IS
REPEATED TO YOU: QUOTE

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E.O. 11652: N/A

TAGS: PFOR, ENRG, LY, US

SUBJECT: PRESS BRIEFING - LIBYAN OIL

1. FOLLOWING IS TRANSCRIPT OF Q AND A ON LIBYAN OIL SITUATION FROM DEPT. NEWS BRIEFING.
2. MR. HARE: GOOD AFTERNOON. I DON'T HAVE ANY ANNOUNCEMENTS, BUT IN VIEW OF THE QUESTIONS WHICH I RECEIVED OVER THE LABOR DAY WEEKEND, I'LL JUST PRE-EMPT ONE OF YOUR QUESTIONS BY SAYING THIS ABOUT THE SITUATION IN LIBYA.
3. FIRST, I THINK I SHOULD SAY THAT WE HAVE BEEN FOLLOWING THE EVENTS IN LIBYA VERY CLOSELY AS THEY AFFECT THE U.S. OIL INDUSTRY OVER THE PAST WEEKEND. WE HAVE NOT YET SEEN THE OFFICIAL TEXT OF THE REVOLUTIONARY COMMAND COUNCIL DECREE NATIONALIZING FIFTY-ONE PERCENT OF A NUMBER OF U.S.

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OIL COMPANIES. NOR HAVE WE HAD AN OPPORTUNITY TO STUDY

FULLY PRIME MINISTER JALLUD'S PRESS CONFERENCE OR TO CONSULT WITH OTHER INTERESTED PARTIES. HOWEVER, THE UNITED STATES GOVERNMENT POSITION ON NATIONALIZATION IS CLEAR AND HAS BEEN STATED AT THE HIGHEST LEVEL BEFORE.

4. I WOULD LIKE TO REPEAT THAT POSITION FOR YOU. WHEN AN EXPROPRIATING ACT OCCURS, THE UNITED STATES HAS, UNDER INTERNATIONAL LAW, A RIGHT TO EXPECT: ONE, THAT ANY TAKING OF AMERICAN PRIVATE PROPERTY WILL BE NONDISCRIMINATORY; TWO, THAT IT WILL BE FOR A PUBLIC PURPOSE; AND THREE, THAT ITS CITIZENS WILL RECEIVE PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION FROM THE EXPROPRIATING COUNTRY.

5. AS YOU KNOW, THE U.S. GOVERNMENT WILL NOT RECOGNIZE AS VALID AN EXPROPRIATION THAT DOES NOT MEET THESE REQUIREMENTS OF INTERNATIONAL LAW.

6. I WOULD ONLY ADD THAT THE UNITED STATES DEEPLY REGRETS THE ACTION TAKEN BY THE LIBYAN GOVERNMENT, WHICH DOES NOT COMPORT WITH ITS OBLIGATIONS UNDER THE CONCESSION AGREEMENTS. IT SHOULD BE NOTED IN THIS CONNECTION THAT THE CONCESSION AGREEMENTS PROVIDE THAT DISPUTES BETWEEN THE COMPANIES AND THE GOVERNMENT NOT OTHERWISE SETTLED SHALL BE SETTLED BY ARBITRATION.

7. NOW, I'M AFRAID, FOR THE REASONS THAT I OUTLINED AT THE BEGINNING, THAT I'M NOT GOING TO BE ABLE TO BE VERY FORTHCOMING OR HAVE ANY FURTHER COMMENT SINCE WE ARE IN A PROCESS OF STILL LOOKING INTO WHAT HAS ACTUALLY BEEN SAID BY VARIOUS LIBYAN AUTHORITIES OVER THE WEEKEND.

8. Q. PAUL, FOR THE RECORD AT ANY RATE, HAS THE UNITED STATES DISCUSSED WITH OTHER GOVERNMENTS THE POSSIBILITY OF A BOYCOTT OF ALL LIBYAN OIL?

9. A. I'M NOT GOING TO ADDRESS THOSE QUESTIONS TODAY.

10. Q. WILL YOU TAKE IT, PLEASE?

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11. A. I'LL LOOK INTO IT.

12. Q. WHAT HAS HAPPENED TO THE BUNKER OIL -- I'VE FORGOTTEN THE NAME OF THE COMPANY?

13. A. BUNKER-HUNT?

14. Q. YES. WELL, YOU DECLARED A BOYCOTT ON EVERYTHING

THAT WAS COMING FROM THESE WELLS. BUT WAS IT EFFECTIVE,
THIS BRANDING OR THIS LABELLING OF THIS OIL?

15. A. I WOULD HAVE TO CHECK WHETHER THE FACT THAT WE EXPRESSED OUR CONCERN ON THIS ISSUE ACTUALLY LED TO EFFECTIVE ACTION.

16. Q. PAUL, CAN YOU SAY WHETHER THE UNITED STATES IS DISCUSSING THE IMPLICATIONS OF THE LIBYAN ACTION WITH OTHER GOVERNMENTS?

17. WE STATED AT THE OUTSET THAT WE REALLY HAD NOT HAD THE OPPORTUNITY TO CONSULT FULLY WITH THE OTHER INTERESTED PARTIES. THAT WOULD INCLUDE THE OIL COMPANIES. IT WOULD INCLUDE OTHER INTERESTED GOVERNMENTS.

18. WITH RESPECT TO THE LATTER, I WOULD NOTE THAT THERE IS A FRAMEWORK FOR DISCUSSIONS WITHIN THE OECD, THE OIL COMMITTEE OF THE OECD.

19. Q. CAN YOU CONFIRM THAT THAT COMMITTEE IS MEETING TODAY?

20. A. NO, I CAN'T.

21. Q. DO YOU HAVE ANY ASSESSMENT AS TO WHAT THE IMPACT ON THE UNITED STATES WOULD BE OF EITHER A BOYCOTT OF LIBYAN OIL OR A REFUSAL BY LIBYA TO INCREASE PRODUCTION?

22. A. I DON'T HAVE A GENERAL ASSESSMENT, AND I DON'T REALLY WANT TO SPECULATE ABOUT THE FUTURE, GIVEN THE STATE OF PLAY. IN TERMS OF LIBYAN OIL IMPORTS INTO THE UNCLASSIFIED

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UNITED STATES, I THINK THEY RUN SOME PLACE AROUND 4.2 PERCENT. THAT GIVES YOU SOME IDEA. BUT THE IMPORTANCE OF LIBYAN OIL IS ALSO RELATED TO THE FACT THAT IT'S OF LOW SULFUR CONTENT AND IS IMPORTANT FROM AN ENVIRONMENTAL STAND.

23. Q. PAUL, DID YOU SAY THAT THE LIBYAN OIL PRODUCTION IMPORTED TO THE UNITED STATES IS 4.2 PERCENT?

24. A. THAT'S AN ESTIMATE. I'D BETTER PUT THAT ON BACKGROUND SINCE THESE STATISTICS WORRY ME.

25. Q. FOUR POINT TWO PERCENT OF THE LIBYAN PRODUCTION. DO YOU KNOW THE PERCENTAGE OF U.S. IMPORTS THAT ARE LIBYANS?

26. A. NO, 4.2 PERCENT OF OUR OIL IMPORTS ARE. THAT IS PRODUCT AND CRUDE.

27. Q. I THINK YOU DESCRIBED THE BUNKER-HUNT AS DISCRIMINATORY AT THE TIME. IT'S NO LONGER DISCRIMINATORY IN THE SENSE THAT OTHER OIL COMPANIES NOW SUFFER THE SAME ATE. WILL THE BOYCOTT OF BUNKER-HUNT OIL FROM THE FIELD CONTINUE.

28. A. WILL THE WHAT?

29. Q. AS I UNDERSTAND IT, THE BRITISH AND AMERICAN GOVERNMENTS HAVE MADE DIPLOMATIC REPRESENTATIONS TO OTHER GOVERNMENTS TO DISSUADE THEM FROM BUYING OIL FROM THE FIELD.

30. A. THAT'S CORRECT.

31. Q. UNTIL SETTLEMENT IS REACHED WITH BP AND BUNKER-HUNT. WE NOW HAVE THE SITUATION OF BUNKER-HUNT NO LONGER BEING DISCRIMINATORY BECAUSE OTHER OIL COMPANIES ARE BEING TREATED IN THE SAME WAY. WILL THE BOYCOTT OF BUNKER-HUNT OIL CONTINUE?

32. A. I CAN'T ANSWER. IT'S A GOOD QUESTION, BUT I JUST CAN'T ANSWER IT RIGHT NOW.

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33. Q. BUT THERE IS NO BOYCOTT OF THIS OIL?

34. A. NO, NO, THERE'S NO BOYCOTT, BUT AN ATTEMPT TO DISSUADE OTHERS FROM PURCHASING OIL FROM THE BUNKER-HUNT FIELDS. HUSH UNQUOTE RUSH

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